



June 12, 1985

SUBJECT: Rescheduling of EE and EM Loans for Subtitle B Purposes,
Including EM Loss Loans

TO: All State Directors, Farmer Programs Chiefs, District Directors,
and County Supervisors

- I. Purpose/Intended Outcome: The purpose of this AN is to clarify the terms under which economic emergency (EE) and emergency (EM) loans, made for farm operating purposes, can be rescheduled.
- II. Comparison with Previous AN: This AN replaces AN 1179(1951), dated April 10, 1985.
- III. Implementation Responsibilities:

A. What is to be done?

1. EM loans made for farm operating purposes under Subtitle B, where a repayment period longer than 7 years was initially provided, and any EE loans made for farm operating purposes, regardless of the original repayment term, will be rescheduled within the borrower's repayment ability, and the lesser of:
 - a. Twenty years from the date of the original note; or
 - b. Fifteen years from the date of the rescheduling.

Example: Assuming the rescheduled installments are within the borrower's repayment ability, the notes could be rescheduled as follows:

EXAMPLE

SUBJECT NOTE

	Note A	Note B
Date loan to be rescheduled	1-4-85	1-4-85
Date of original note	1-1-78	1-1-82
Age of note	7 Years	3 Years
Original term of note	20 Years	20 Years
Remaining term for which loan could be rescheduled	13 Years	15 Years
Final due date of the new rescheduled note	1-1-1998	1-4-2000

EXPIRATION DATE: April 30, 1986

Filing Instruction
Preceding FmHA Instruction 1951-A

Note A could be rescheduled for a maximum of 13 years. This is because the remaining term of the note (13 years) is the lesser of 15 years from the date of rescheduling of the original note, or 20 years from the date of the original note.

Note B could be rescheduled for a maximum of 15 years. This is because the maximum rescheduling limitation of 15 years is the lesser of 15 years from the date of rescheduling or 20 years from the date of the original note.

2. EM loans made for farm operating purposes under Subtitle B, where a repayment period of 7 years or less was initially provided, may be rescheduled within the borrower's repayment ability, for up to fifteen years from the date of the rescheduling.

The maximum rescheduling period for EE and EM loans made for farm operating purposes will be considered before special debt set-aside is approved. In some instances, the note(s) will be rescheduled for less than 15 years.

B. Who is to do it?

County Supervisors are authorized to approve rescheduling of EE and EM loans made for farm operating purposes, under Section 1951.33 of FmHA Instruction 1951-A.

C. Who will monitor, and at what level?

District Directors will review the rescheduling of EE and EM loans made for farm operating purposes, in accordance with Section 2006.604 (c)(1) of FmHA Instruction 2006-M during their normal review of loan making and servicing in the county office.

D. What reports will be submitted?

District Directors will report the findings of these reviews, in accordance with Section 2006.604 (c)(5) of FmHA Instruction 2006-M.

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